

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
TYLER DIVISION**

STATE OF TEXAS,
STATE OF MONTANA,

Plaintiffs,

v.

ROBERT F. KENNEDY, JR., in his official
capacity as Secretary of Health and Human
Services, *et al.*,

Defendants.

Case No. 6:24-cv-211-JDK

JOINT STATUS REPORT

Pursuant to the Court's April 17, 2025 Order Staying Case, ECF No. 52, the parties jointly and respectfully submit a Joint Status Report ("JSR"), and state as follows:

1. This case concerns an Administrative Procedure Act challenge to a Final Rule promulgated by the U.S. Department of Health and Human Services ("HHS") implementing the nondiscrimination requirements provided in § 1557 of the Affordable Care Act, 42 U.S.C. § 18116(a). *See* ECF No. 1.

2. On July 3, 2024, the Court issued a Memorandum Opinion and Order granting Plaintiffs' motion seeking a stay of the Final Rule's effective date. ECF No. 18. After the parties moved for clarification and reconsideration, the Court issued an Order Modifying Stay on August 30, 2024, in which the Court ordered that the effective date of "the sections" of the Final Rule "subject to Plaintiffs' challenge" be stayed nationwide. ECF No. 41; *see id.* at 4 (listing the provisions of the Final Rule encompassed by the Court's modified stay).

3. Defendants timely appealed the Court's July 3, 2024 and August 30, 2024 orders to the United States Court of Appeals for the Fifth Circuit. ECF No. 43. This Court subsequently granted the parties' joint motion for a stay of further district court proceedings on October 2, 2024,

and ordered that “further proceedings in this case are stayed until Defendants’ appeal is finally resolved.” ECF No. 46.

4. In March 2025, the parties stipulated to the dismissal of Defendants’ appeal to the Fifth Circuit. *See* ECF No. 50. The parties then filed a Joint Status Report with this Court on April 16, 2025, in which they “respectfully submit[ted] that the operative stay of further district court proceedings remains appropriate.” ECF No. 51. On April 17, 2025, the Court ordered that, “[i]n light of” the parties’ JSR, “proceedings in this case are stayed until further order of the Court,” and the Court further directed the parties to file another JSR “with any new developments within 60 days.” ECF No. 52.

5. In light of the recent change in Administration, the Final Rule remains under consideration at HHS. Given that fact, considerations of judicial economy, as well as the fact that this Court’s nationwide stay of the challenged portions of the Final Rule remains in effect, *see* ECF No. 41, the parties respectfully submit that the operative stay of further district court proceedings in this case continues to be appropriate. *See Nevada v. U.S. Dep’t of Labor*, 227 F. Supp. 3d 696, 698 (E.D. Tex. 2017) (“A district court has broad discretion to stay proceedings in the interest of justice and to control its docket.”); *Accident Ins. Co. v. Classic Bldg. Design, LLC*, No. 2:11-cv-33, 2012 WL 4898542, at *2 (S.D. Miss. Oct. 15, 2012) (“[C]onsiderations of judicial economy counsel, as a general matter, against investment of court resources in proceedings that may prove to have been unnecessary.”).

6. The parties further submit that they are prepared to provide another joint status report in 60 days, should the Court require it.

DATED: June 12, 2025

Respectfully submitted,

BRETT A. SHUMATE
Assistant Attorney General
Civil Division

MICHELLE R. BENNETT
Assistant Director, Federal Programs Branch

/s/ Zachary W. Sherwood
ZACHARY W. SHERWOOD
(IN Bar No. 37147-49)
Trial Attorney
U.S. Department of Justice
Civil Division, Federal Programs Branch
1100 L Street, NW
Washington, DC 20005
Phone: (202) 616-8467
Fax: (202) 616-8470
Email: zachary.w.sherwood@usdoj.gov

Attorney for Defendants

Dated: June 12, 2025

Respectfully Submitted.

KEN PAXTON

Attorney General of Texas

AUSTIN KNUDSEN

Attorney General of Montana

BRENT WEBSTER

First Assistant Attorney General

/s/ Christian B. Corrigan

CHRISTIAN B. CORRIGAN

Solicitor General

RALPH MOLINA

Deputy First Assistant Attorney General

PETER M. TORSTENSEN, JR.

Deputy Solicitor General

RYAN WALTERS

Deputy Attorney General for Legal Strategy

/s/ Kathleen T. Hunker

KATHLEEN T. HUNKER

Special Counsel

Texas Bar No. 24118415

Kathleen.Hunker@oag.texas.gov

Montana Department of Justice

215 N. Sanders Helena, MT 59601

Christian.Corrigan@mt.gov

Peter.Torstensen@mt.gov

Office of the Attorney General of Texas

Special Litigation Division

P.O. Box 12548, Capitol Station

Austin, Texas 78711-2548

Telephone: 512-463-2100

Fax: 512-457-4410

COUNSEL FOR STATE OF MONTANA

COUNSEL FOR STATE OF TEXAS

CERTIFICATE OF SERVICE

On June 12, 2025, I electronically submitted the foregoing document with the clerk of court for the U.S. District Court, Eastern District of Texas, using the electronic case filing system of the court. I hereby certify that I have served all parties electronically or by another manner authorized by Federal Rule of Civil Procedure 5(b)(2).

/s/ Zachary W. Sherwood
ZACHARY W. SHERWOOD